

# Consolidated Financial Statements for the Six Months Ended June 30, 2011

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

August 10, 2011

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Code number: 2170

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Start of distribution of dividends (scheduled): September 22, 2011

Supplementary documents for quarterly results: Yes

Quarterly results briefing: No

(Amounts are rounded down to the nearest million.)

## 1. Consolidated Results for the Six Months Ended June 30, 2011 (January 1, 2011 - June 30, 2011)

### (1) Sales and Income

(Percentages represent change compared with the same quarter of the previous year.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
Six months ended June 30, 2011	3,906	11.8	310	(21.4)	312	(22.9)
Six months ended June 30, 2010	3,493	(6.0)	395	4,195.3	404	4,288.8

	Net income (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Six months ended June 30, 2011	133	(29.7)	1,014.59	—
Six months ended June 30, 2010	190	—	1,411.26	—

### (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets/ Total assets (%)	Net assets per share (¥)
As of June 30, 2011	8,009	3,139	37.3	22,912.89
As of December 31, 2010	4,560	3,228	69.1	23,559.37

(Reference) Net worth As of June 30, 2011: ¥2,985 million As of December 31, 2010: ¥3,151 million

## 2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2010	500.00	500.00	500.00	500.00	2,000.00
2011	500.00	500.00			
2011 (est.)			500.00	500.00	2,000.00

Note: Revision of dividend forecast during the quarter: No

## 3. Forecast of Consolidated Results for 2010 (January 1, 2011 - December 31, 2011)

(Percentages represent change compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	10,000	40.9	770	5.3	760	1.9	590	0.8	4,505.88

Note: Revision of forecast of results during the quarter: Yes

**4. Other** (For details, see “Other Information” on page 5 of the Attachment.)

(1) Changes in Significant Subsidiaries during the Period: Yes

New: 1 company (Name: Aviva Co., Ltd.)

Note: Changes in specified subsidiaries due to changes in the scope of consolidation during the three months ended June 30, 2011

(2) Application of Simplified Accounting Procedures and Specific Accounting Procedures: Yes

Note: Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements

(3) Changes in Accounting Rules, Procedures, Presentation Methods, etc.

(a) Changes in consolidated accounting methods: Yes

(b) Changes other than (a) above: Yes

Note: Changes in accounting rules, procedures, presentation methods, etc. for the quarterly consolidated financial statements stated in “Changes in Significant Items Regarding Presentation of Quarterly Financial Statements”.

(4) Number of Shares Issued and Outstanding (Common Stock)

(a) Number of shares at the end of the period (including treasury stock)

Six months ended June 30, 2011: 134,960; Year ended December 31, 2010: 134,960

(b) Number of treasury shares at the end of the period:

Six months ended June 30, 2011: 4,681; Year ended December 31, 2010: 1,191

(c) Average number of shares outstanding:

Six months ended June 30, 2011: 131,929; Six months ended June 30, 2010: 134,960

**\* Presentation of Implementation Status of Quarterly Review Procedures**

These “Consolidated Financial Statements for the Six Months Ended June 30, 2011” are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act and, as of the date of publication of these statements, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

**\* Explanation on Proper Use of the Forecast of Results and Other Special Instructions**

For the background to the forecast of consolidated results contained in this document, please refer to “Qualitative Information Regarding Forecast of Consolidated Results” on page 4 of the Attachment. The forecast of consolidated results contained in this document is based on the most reliable information and assumptions available to the Company as of the date of submission. Please bear in mind that numerous uncertain factors are present given an increasingly unclear economic environment.

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## 1. Qualitative Information Regarding Consolidated Results, etc.

### (1) Qualitative Information Regarding Results of Consolidated Operations

During the cumulative second-quarter period of 2011 (January 1, 2011 to June 30, 2011), Japan's economy benefited from a recovery in exports from the beginning of the year and signs of improved domestic demand became apparent. However, global economic instability, including the impact of the Great East Japan Earthquake on March 11, 2011, the slowing recovery in the United States, and financial problems in Europe, and the resulting appreciation of the yen have made it difficult to assess the future outlook.

Employment conditions worsened for the first time in 17 months, with the ratio of job offers to university and other graduates dropping to 0.61 as of April 2011. Weakness continued with no sign of improvement in May and June 2011.

In this economic environment, consolidated net sales of the Link and Motivation Group for six months ended June 30, 2011 were ¥3,906,746 thousand (an 11.8% increase compared with the same period of the previous year), gross profit was ¥2,022,033 thousand (a 9.7% increase), operating income was ¥310,586 thousand (a 21.4% decrease), ordinary income was ¥312,021 thousand (a 22.9% decrease), and net income was ¥133,853 thousand (a 29.7% decrease).

An overview of results by segment for the six months ended June 30, 2011 is provided below. The segments of the Link and Motivation Group and respective service areas are as follows.

Segment classification	Service area	Name of Group company providing the service
B2B Division	Motivation management business	Link and Motivation Inc. Link Tourist Inc.
	Entry management business	Link and Motivation Inc. Raise-i Inc.
	Investor relations business	Link Investor Relations Inc.
	Place management business	Link Place Inc.
B2C Division	Schools business	Aviva Co., Ltd.
	Sports business	Link Sports Entertainment Inc.
	Restaurant business	Link Dining Inc.
	Preparatory school business	Motivation Academia Inc.

#### B2B Division

This segment offers one-stop services that support companies' management and growth by applying the "motivation engineering" technology essential for corporate innovation to their communication with stakeholders such as employees, job applicants, shareholders and investors.

Segment operations focused on strengthening services based on management issues and strengthening products and services that are compatible with the recruitment environment for the Link and Motivation Group. In strengthening services based on management issues, the Company determines target clients and establishes deep relationships with them to increase consulting projects that resolve essential management issues. In strengthening products and services that are compatible with the recruitment environment, in addition to the launch of a Chinese student recruitment support service in 2010, the Company established Raise-i Inc. in February 2011 and promoted the shift from a large-scale mass-hiring model to a targeted smaller-scale model.

For the six months ended June 30, 2011, segment sales were ¥3,155,502 thousand and segment profit was ¥1,768,541 thousand, which were on par with the same period of the previous fiscal year. An overview of operating results by business area is as follows.

#### Motivation Management Business

In the Motivation Management business, net sales in six months ended June 30, 2011 were ¥1,273,404 thousand and gross profit was ¥732,673 thousand.

This business offers services for personnel training and organization and system design aimed at creating highly motivated organizations. The business also supports corporate vision and brand creation and market penetration.

In the six months ended June 30, 2011, consulting projects that addressed customers' essential management issues and database-driven organizational diagnostic services increased as a result of more selective customer and product targeting and stronger customer relations amid the beginning of a recovery in spending on personnel, training, advertising and PR. However, sales decreased slightly compared with the same period a year earlier because of cancellations of training and corporate vision seminars due to the Great East Japan Earthquake.

Going forward, the Company will continue to concentrate on setting themes and providing solutions that meet customer needs, and will focus on meeting new management needs in areas including compliance and the cultivation of next-generation leaders.

#### Entry Management Business

In the Entry Management business, net sales in six months ended June 30, 2011 were ¥1,236,083 thousand and gross profit was ¥757,749 thousand.

This business offers recruitment strategy planning services aimed at realizing the best matches between companies and

applicants in the recruitment stage, and assistance with the execution of those strategies.

In the six months ended June 30, 2011, sales of consulting for planning large-scale company information meetings declined as the trend to select fewer students more strictly gained momentum against the backdrop of a severe economic environment. However, solid sales continued for consulting services at the planning stage of recruitment activities and interviewer training services to assess students. In addition, with strong sales of Web-based company information support services to deal with the “Charter on Corporate Ethics Regarding the Recruiting of Graduating Undergraduate Students and Graduating Master’s Program Students for Employment” established by Nippon Keidanren, among others, sales increased slightly compared with the same period a year earlier.

Going forward, Link and Motivation will respond to the trend toward more strict recruiting. In providing support services for recruiting Chinese students, the Company will strengthen sales of assessment tools for gauging the capabilities required for success. Adapting to the changing corporate recruiting environment brought on by changes to the “Charter on Corporate Ethics” mentioned above, the Company will rely on Raise-i Inc. to focus on offering the student recruitment services demanded by companies, as well as corporate PR support services, which help promote corporate brands among the student population.

### **Investor Relations Business**

In the Investor Relations business, net sales in the six months ended June 30, 2011 were ¥340,374 thousand and gross profit was ¥180,446 thousand.

This business provides IR consulting services designed to achieve effective and efficient communication with investors, including annual report production and video distribution of business results briefings.

With the March 31 close of the fiscal year, many companies announced results and held their general meetings of shareholders during the six months ended June 30, 2011. The core video distribution service performed well compared with the previous fiscal year.

Going forward, the Company will focus on CSR activity support and other corporate stakeholder services that use its advanced production technologies, in addition to its existing services that support customers’ IR activities.

### **Place Management Business**

In the Place Management business, net sales in the six months ended June 30, 2011 were ¥305,639 thousand and gross profit was ¥97,671 thousand.

This business provides office brokerage and consulting services related to office design and construction.

In the six months ended June 30, 2011, customers refrained from active investment in offices. As a result, although sales in the core consulting service business remained firm, sales in the office brokerage business declined along with sales of large-scale turnkey contracts for office construction services.

Going forward, the Company will strengthen sales through PR using its new office as a subject, and will continue to focus on one-stop services from office selection for start-ups to office construction consulting.

### **B2C Division**

In this segment, the Link and Motivation Group applies its core “motivation engineering” technology to manage and develop businesses including schools, preparatory schools, sporting organizations, and restaurants.

As discussed above, the Link and Motivation Group acquired all of the shares of Aviva Co., Ltd. on June 11, 2011. Segment results for the second quarter therefore increased significantly, with segment sales increasing to ¥821,329 thousand and segment profit increasing to ¥273,710 thousand. An overview of operating results for the six months ended June 30, 2011 by business area is as follows.

#### **Schools**

In the Schools area, net sales in the six months ended June 30, 2011 were ¥547,640 thousand and gross profit was ¥213,251 thousand.

This business area offers comprehensive personal computer training, courses and qualification through Aviva’s personal computer classes.

Enrollment in personal computer classes decreased somewhat year on year and tuition revenues decreased slightly. However, product sales were steady due to demand resulting from the end of Office 2007 sales, and sales of qualification support services through an alliance with Daiei Sogo Kyoiku System Co., Ltd. were firm. As a result, net sales were on par with the previous fiscal year.

Going forward, the Link and Motivation Group will strengthen synergies with this business in meticulously enhancing profitability.

#### **Other**

In other areas, net sales in the six months ended June 30, 2011 were ¥273,688 thousand and gross profit was ¥60,459 thousand. Results in other businesses include Link Sports Entertainment Inc., which operates a professional basketball team called Link Tochigi Brex; Link Dining Inc., which operates an Italian restaurant called Link Dining; and Motivation Academia Inc., which operates preparatory schools.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

### **Assets, Liabilities and Net Assets**

Total assets as of June 30, 2011 increased a substantial ¥3,449,619 thousand from the end of the previous year to ¥8,009,868 thousand in connection with the acquisition of Aviva Co., Ltd. The principal factors were a ¥1,230,683 thousand increase in cash and deposits, a ¥1,244,593 thousand increase in goodwill, and a ¥544,050 thousand increase in security deposits.

Total liabilities increased a substantial ¥3,539,246 thousand from the end of the previous year to ¥4,870,756 thousand in connection with the acquisition of Aviva Co., Ltd. The principal factors were a ¥1,953,305 thousand increase in advances received, a ¥418,874 thousand increase in long-term debt, a ¥204,649 thousand increase in accounts payable, and a ¥200,000 thousand increase in short-term borrowings.

Total net assets decreased ¥89,626 thousand from the end of the previous year to ¥3,139,111 thousand. Acquisition of treasury stock reduced net assets by an additional ¥168,769 thousand. Also, while payment of dividends reduced retained earnings by ¥133,926 thousand, net income for the second quarter increased retained earnings by ¥133,853 thousand.

### **Cash Flow**

Cash and cash equivalents (hereafter, "Cash") as of June 30, 2011 increased ¥1,230,683 thousand, or 125.1%, from a year earlier to ¥2,902,399 thousand due to the acquisition of Aviva Co., Ltd.

Cash flow for the six months ended June 30, 2011 was as follows.

#### *Cash Flow from Operating Activities*

Net cash provided by operating activities decreased 47.6% compared with the same period of the previous year to ¥344,655 thousand. Principal factors were income before income taxes of ¥300,388 thousand and increase in notes and accounts receivable - trade of ¥103,680 thousand.

#### *Cash Flow from Investing Activities*

Net cash provided by investing activities increased 405.9% compared with the same period of the previous year to ¥400,109 thousand. The principal factor was proceeds from changes in the scope of consolidation totaling ¥470,509 thousand due to the acquisition of Aviva Co., Ltd.

#### *Cash Flow from Financing Activities*

Net cash provided by financing activities was ¥485,918 thousand. In the same period of the previous year, financing activities used net cash totaling ¥589,718 thousand. The principal factors were increase in short-term debt of ¥200,000 thousand and proceeds from long-term debt of ¥493,600 thousand as the Link and Motivation Group raised funds for the acquisition of Aviva Co., Ltd. Payment of cash dividends used cash totaling ¥133,926 thousand.

## **(3) Qualitative Information Regarding Forecast of Consolidated Results**

The Company has made upward revisions to its forecast of consolidated results for 2011 (January 1, 2011 - December 31, 2011) for net sales, operating income, ordinary income and net income as a result of the June 11, 2011 acquisition of Aviva Co., Ltd. and its inclusion in results as a consolidated subsidiary.

## 2. Other Information

### (1) Overview of Changes in Significant Subsidiaries

Newly acquired Aviva Co., Ltd. was added to the scope of consolidation from the second quarter.

### (2) Overview of Simplified Accounting Procedures and Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements

(Simplified Accounting Procedures)

Six Months Ended June 30, 2011 (January 1, 2011 to June 30, 2011)
1. Appraisal method for inventory assets With respect to the calculation of inventory assets as of June 30, 2011, physical stocktaking was not conducted, and instead a method of reasonably calculating inventory based on physical inventory figures at the end of the previous consolidated fiscal year was adopted. In addition, with respect to the write-down of book values, actual sales value is estimated for those inventory assets with clearly diminished profitability.
2. Calculation method for the depreciation cost of fixed assets With respect to the assets calculated using the age-life method, the portion of depreciation cost for the consolidated fiscal year under review is included.

(Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements)

Six Months Ended June 30, 2011 (January 1, 2011 to June 30, 2011)
1. Calculation of tax expenses With respect to tax expenses, a reasonable estimate is made for the effective tax rate after the application of tax effect accounting to pretax net income for the consolidated fiscal year, and the estimated tax rate is multiplied by pretax net income. The adjustment for corporate and other taxes is included in income taxes in the Consolidated Statements of Operations.

### (3) Overview of Changes in Accounting Rules, Procedures, Presentation Methods, etc.

(Changes in Accounting Rules)

Six Months Ended June 30, 2011 (January 1, 2011 to June 30, 2011)
From the first quarter of 2011, the Company applies the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008). As a result, for the six months ended June 30, 2011 operating income and ordinary income each decreased by ¥791 thousand, and income before income taxes decreased by ¥10,003 thousand. The change in asset retirement obligations due to the application of this standard is ¥42,662 thousand.

(Changes in Presentation Methods)

Six Months Ended June 30, 2011 (January 1, 2011 to June 30, 2011)
From the first quarter of 2011, the Company applies the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008).

Second Quarter of 2011 (April 1, 2011 to June 30, 2011)
As a result of applying the Cabinet Office Ordinance Partially Revising Regulations on the Terminology, Format and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on December 26, 2008), "Income before minority interests" is presented for the second quarter of 2011. "Commission fees" were more than 20 hundredths of total non-operating income in the second quarter of 2011. Therefore, they are presented as a separate item. For the second quarter, "Commission fees" included in "Other" under non-operating income were ¥49 thousand.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen, rounded down to the nearest thousand)

	As of June 30, 2011	As of December 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,902,399	1,671,715
Notes and accounts receivable	1,177,339	1,214,475
Products	59,865	11,890
Goods in process	58,347	53,647
Merchandise and supplies	21,783	13,618
Prepaid expenses	159,150	64,508
Deferred tax assets	155,563	155,563
Accrued consumption tax	4,162	6,223
Other	47,006	32,555
Allowance for doubtful accounts	(13,628)	(13,861)
Total current assets	4,571,988	3,210,337
Fixed assets		
Property and equipment		
Buildings and structures	580,694	140,444
Accumulated depreciation	(285,003)	(91,378)
Buildings and structures (net)	295,690	49,065
Vehicles	9,498	6,411
Accumulated depreciation	(8,901)	(5,690)
Vehicles (net)	596	721
Furniture and fixtures	346,382	263,338
Accumulated depreciation	(272,506)	(208,299)
Furniture and fixtures (net)	73,876	55,039
Lease assets	51,873	37,073
Accumulated depreciation	(20,814)	(12,187)
Lease assets (net)	31,059	24,886
Total property and equipment	401,222	129,713
Intangible assets		
Goodwill	1,787,283	542,689
Software	173,749	174,142
Other	4,490	4,440
Total intangible assets	1,965,524	721,272
Investments and other assets		
Investments in securities	36,171	18,360
Security deposits	914,614	370,564
Deferred tax assets	63,057	63,702
Claims in bankruptcy	38,908	242
Other	57,289	46,298
Allowance for doubtful accounts	(38,908)	(242)
Total investments and other assets	1,071,133	498,925
Total fixed assets	3,437,879	1,349,911
Total assets	8,009,868	4,560,248

(Thousands of yen, rounded down to the nearest thousand)

	As of June 30, 2011	As of December 31, 2010
<b>LIABILITIES</b>		
Current liabilities		
Accounts	272,953	314,055
Short-term borrowings	650,000	450,000
Long-term debt due within one year	60,852	2,052
Accounts payable	413,777	209,128
Lease obligations	14,976	11,442
Expenses payable	160,755	13,158
Accrued income taxes	217,315	23,422
Accrued consumption taxes	51,994	36,041
Advances received	2,022,844	69,538
Accrued bonuses to employees	118,022	122,041
Accrued bonuses to officers	6,279	6,630
Other reserves	3,934	—
Other	113,483	58,078
Total current liabilities	4,107,190	1,315,589
Long-term liabilities		
Long-term debt	420,755	1,881
Lease obligations	17,513	14,039
Asset retirement obligations	42,662	—
Reserve for employee retirement benefits	146,261	—
Other	136,375	—
Total long-term liabilities	763,566	15,920
Total liabilities	4,870,756	1,331,510
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	1,494,466	1,493,530
Treasury stock	(224,810)	(56,040)
Total shareholders' equity	2,984,001	3,151,835
Valuation and translation adjustments		
Unrealized gain on securities	1,067	(321)
Total valuation and translation adjustments	1,067	(321)
Minority interests	154,042	77,224
Total net assets	3,139,111	3,228,738
Total liabilities and net assets	8,009,868	4,560,248

**(2) Consolidated Statements of Operations**

(Thousands of yen, rounded down to the nearest thousands)

	Cumulative second quarter of 2010 (January 1 to June 30, 2010)	Cumulative second quarter of 2011 (January 1 to June 30, 2011)
Net sales	3,493,092	3,906,746
Cost of sales	1,650,147	1,884,712
Gross profit	1,842,945	2,022,033
Selling, general and administrative expenses	1,447,831	1,711,447
Operating income	395,114	310,586
Non-operating income		
Interest income	391	144
Dividend income	104	501
Interest on refund of income taxes	7,971	—
Co-sponsor fee	1,223	755
Other	2,211	5,285
Total non-operating income	11,901	6,685
Non-operating expenses		
Interest expenses	2,187	2,064
Expenses for purchase of treasury stock	—	3,093
Other	166	91
Total non-operating expenses	2,353	5,250
Ordinary income	404,662	312,021
Extraordinary income		
Gain on sale of property and equipment	1,865	—
Other	13,400	309
Total extraordinary income	15,265	309
Extraordinary loss		
Loss on sale of property and equipment	2,857	—
Loss on valuation of investment securities	1,380	3,083
Loss on disposal of property and equipment	5,259	—
Office transfer expenses	11,646	—
Adjusted loss from previous period	9,692	—
Adjustment for changes of accounting standard for asset retirement obligations	—	8,860
Other	2,741	—
Total extraordinary loss	33,575	11,943
Income before income taxes	386,351	300,388
Income taxes	195,887	209,716
Income before minority interests	—	90,671
Loss on minority interests	—	(43,182)
Net income	190,464	133,853

**(2) Consolidated Statements of Operations**

(Thousands of yen, rounded down to the nearest thousands)

	Second quarter of 2010 (April 1 to June 30, 2010)	Second quarter of 2011 (April 1 to June 30, 2011)
Net sales	1,849,543	2,276,301
Cost of sales	839,170	1,043,555
Gross profit	1,010,372	1,232,745
Selling, general and administrative expenses	688,848	955,612
Operating income	321,524	277,133
Non-operating income		
Interest income	258	15
Dividend income	81	428
Interest on refund of income taxes	7,971	—
Co-sponsor fee	1,223	755
Commission fees	—	970
Other	1,014	1,265
Total non-operating income	10,549	3,433
Non-operating expenses		
Interest expenses	1,029	1,424
Expenses for purchase of treasury stock	—	1,701
Other	5	45
Total non-operating expenses	1,034	3,172
Ordinary income	331,039	277,395
Extraordinary income		
Gain on sale of property and equipment	1,865	—
Other	13,400	309
Total extraordinary income	15,265	309
Extraordinary loss		
Loss on sale of property and equipment	625	—
Loss on valuation of investment securities	185	—
Loss on disposal of property and equipment	5,259	—
Office transfer expenses	4,744	—
Other	2,741	—
Total extraordinary loss	13,555	—
Income before income taxes	332,748	277,705
Income taxes	151,396	168,226
Income before minority interests	—	109,478
Loss on minority interests	—	(36,113)
Net income	181,352	145,592

**(3) Consolidated Statements of Cash Flow**

(Thousands of yen, rounded down to the nearest thousand)

	Six months ended June 30, 2010	Six months ended June 30, 2011
Cash flow from operating activities		
Income before income taxes	386,351	300,388
Depreciation and amortization	65,973	75,306
Amortization of goodwill	41,421	52,228
Increase (decrease) in allowance for doubtful accounts	(5,404)	31,849
Increase (decrease) in allowance for employees' bonuses	(1,271)	(91,052)
Increase (decrease) in allowance for officers' bonuses	(5,846)	(5,845)
Transfer expenses	11,646	—
Loss (gain) on valuation of investment securities	1,380	3,083
Loss (gain) on sale of fixed assets	992	—
Loss on disposal of fixed assets	5,259	—
Interest and dividend income	(496)	(645)
Interest expense	2,187	2,064
Decrease (increase) in notes and accounts receivable – trade	145,111	214,401
Decrease (increase) in inventories	1,423	(5,765)
Adjustment for changes of accounting standard for asset retirement obligations	—	8,860
Increase (decrease) in notes and accounts payable	(47,719)	(79,072)
Increase (decrease) in accounts payable	(117,903)	(96,555)
Increase (decrease) in advances received	(64,698)	(15,352)
Increase (decrease) in accrued consumption taxes	62,183	(4,943)
Other	(86,626)	(21,282)
----- Subtotal	----- 393,963	----- 367,666
Interest and dividends received	496	645
Interest paid	(1,524)	(2,525)
Income tax refund	285,031	—
Income taxes paid	(3,149)	(21,130)
Payment for transfer expenses	(17,496)	—
Net cash provided by operating activities	657,320	344,655
Cash flow from investing activities		
Proceeds from repayment of time deposits	50,000	—
Payments for acquisition of property and equipment	(12,974)	(47,892)
Payments for acquisition of intangible fixed assets	(13,504)	(14,807)
Proceeds from acquisition of subsidiary stock due to a change in the scope of consolidation	—	470,509
Payments for security deposits and guarantees	(4,000)	(29,590)
Proceeds from recovery of security deposits and guarantees	61,814	28,932
Other	(2,245)	(7,042)
Net cash provided by investing activities	79,089	400,109
Cash flow from financing activities		
Increase (decrease) in short-term debt	(450,000)	200,000
Proceeds from long-term debt	—	493,600
Repayment of long-term debt	(1,026)	(15,926)
Repayment of lease obligations	(3,011)	(5,965)
Payments for purchase of treasury stock	—	(171,863)
Payment of cash dividends	(135,680)	(133,926)
Proceeds from stock issuance to minority shareholders	—	120,000
Net cash provided by (used in) financing activities	(589,718)	485,918
Net increase (decrease) in cash and cash equivalents	146,691	1,230,683
Cash and cash equivalents at beginning of period	1,142,532	1,671,715
Cash and cash equivalents at end of period	1,289,223	2,902,399

#### (4) Notes Regarding Assumption of Going Concern

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

None applicable.

#### (5) Segment Information

##### a. Business Segment Information

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

Not applicable because the business of the Company and its subsidiaries, “Management consulting through motivation engineering,” is a single segment.

##### b. Geographic Segment Information

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

Geographic segment information is not disclosed because the Company has no consolidated subsidiaries or significant branch offices outside Japan.

##### c. Overseas Sales

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

Overseas sales information is omitted because the Company has no overseas sales.

##### d. Segment Information

(Additional Information)

As of the first quarter of 2011, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued March 21, 2008).

##### 1. Overview of reportable segments

The reportable segments of the Group are constituent units for which separate financial information is available and for which the Board of Directors undertakes a regular review to determine the allocation of management resources and assess business performance.

The Group operates based on comprehensive strategies for the services it offers.

The Group consists of business segments based on the format in which the services are offered and has consequently set two segments—the B2B Division and the B2C Division—as its reportable segments.

In the B2B Division, the Group applies the “motivation engineering,” the essential technology for corporate innovation, to communicate with corporate stakeholders such as employees, applicants, shareholders, and investors and supports the management and growth of companies with one-stop services. In the B2C Division, the Group offers services by applying the essential “motivation engineering” technology to the management of B2C business domains such as schools, preparatory schools, sports and restaurants.

##### 2. Sales and income by reportable segment

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

(Thousands of yen, rounded to the nearest thousand)

	Reportable Segment			Adjustment (Note 1)	Consolidated
	B2B Division	B2C Division	Total		
Segment sales					
Sales to outside customers	3,147,283	759,463	3,906,746	—	3,906,746
Intersegment sales and transfers	8,219	61,865	70,085	(70,085)	—
Total	3,155,502	821,329	3,976,831	(70,085)	3,906,746
Segment profit	1,768,541	273,710	2,042,252	(20,219)	2,022,033

Notes:

1. Adjustments represent elimination of intersegment transactions

2. Segment profit is gross profit.

#### (6) Notes in the Event of Significant Changes in Shareholders' Equity

Cumulative second quarter of 2011 (January 1, 2011 – June 30, 2011)

None applicable.